

# Economic Globalisation and the Development of the European Union

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*Abstract: Economic globalization is a rational phenomenon, capable of delivering a larger volume of goods and services with fewer resources. In a broad sense, the process of economic globalization is seen as the dynamic process of increasing interdependencies between national states as a result of the expansion and deepening of the links between national economies on the global capital, goods and services market.*

*In the economic literature, it transpired that with the fall of the Berlin Wall in 1989, we entered the second era of globalization, the first one dating back to the middle of the nineteenth century and being interrupted by World War I, the pause period reaching the end once the Cold War was over. 1989 marks a new beginning of globalization, where economic and economic relations become devoid of borders and distances*

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*Classification JEL: F63;O11; O12; Q56.*

## 1. Introduction

Globalization is among the most popular syntagms born on the border between industrial and informational society. The term "globalization" appeared in the late 1960s and it was launched by a Canadian specialist in mass media theory, Professor Marshall McLuhan of the University of Toronto, and the American expert on communism, Zbigniew Brzezinski of Columbia University . The term "globalization" first entered a dictionary (Webster) in 1961 , and in the form of a concept it was first used by Theodorov Levitt in "Globalization and Marketing" in 1980.

Since the mid-1980s, it has gained considerable circulation by joining as adjective on other terms such as markets, finance, communications, migration, civil society, etc.

Globalization is a very common concept used to characterize the current state of the world economy. Some perceive it as a complete equalization, others, on the contrary, as a huge diversification, based on the observance of common principles.

## 2 Defining globalisation

Globalization is seen as a multitude of processes that have the ultimate goal of achieving complete integration in various areas: economic, political, military, security, social, cultural, etc., meaning that this process does not give chances to states to live isolated. Globalization means, at the same time, freedom and dependence, uniformity, free movements of goods, people and ideas on a global scale, local traits combined and confused with the world ones, the whole world finding itself in every locality and at the same time every locality, region or nation being found all over the globe.

Globalization has three main causes: technological, political and economic. These causes triggered a process in which geographical distances became an unessential factor in establishing and supporting international economic, political and socio-cultural relations.

Globalization must be seen as a reordering trend of the world in order to overcome the mistakes that have been made as well as the limits of the old order. This transformation considers another way of functioning of the global economy, which shows its functioning in a global society that establishes global decision-making structures to solve global problems.

### 2.1. Economic dimensions of globalisation

As far as the development of the European Union is concerned, globalization is seen as an ample phenomenon, which has a great impact on governments, policies, cultures and societies. We can say that one of

the results of globalization would reflect a richer world with wider access to diverse markets, higher standards of living, much more advanced technology but also a greater availability of information, all of which leading to life quality improvement.

## 2.2. The determinants of economic globalization

A determinant of economic globalization is the liberalization of trade in services, especially in the banking, telecommunication and insurance sectors, liberalization that established the dominant tendency of the 1970s in the USA, continued in the 1980s in the United Kingdom and later in the European Union. On the list of the determinants of economic globalization, we must add the deregulation and the privatization of the state economies, and without associating the term globalization with that of non-liberalism, I notice that in the space of the global economy the neo-liberal arguments against the "pro-active state intervention "in order to manage the functioning of the market are those that can best reflect the economic-political tendencies of the late 20th century.

If we refer to the process of globalization, we observe that it is reflected by a series of economic-social life aspects, such as:

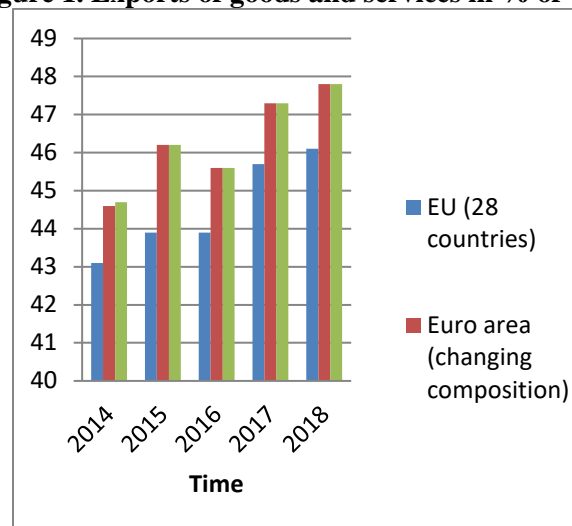
- the global nature of science and technology (scientific research is based on global resources, although the technical process finds its basis in developed countries, and the benefits are for the whole of humanity);
- global marketing (marketing strategies of the companies respond to the demands of globalization by promoting universal brands);
- communications infrastructure (media and internet worldwide).

Globalization is also considered as a factor determining the diminishing of the national government role as a result of the expansion of the share of foreign investment capital and transnational companies. In other words, we are witnessing a managing process of the world by transnational forces.

All these aspects lead to two main conclusions: on one hand they are not equally felt by the countries of the world (which is logical and normal) and on the other hand, globalization is not a totally controllable process and can not be avoided. Hence the fact that any national economy and any company, regardless of its size, must build its destiny considering this phenomenon.

For a harmonious development of the European Union, Member States have identified globalization as the highest priority in the research agenda of the forthcoming edition of the System of the National Accounts (SNA) and the European System of Accounts (ESA).

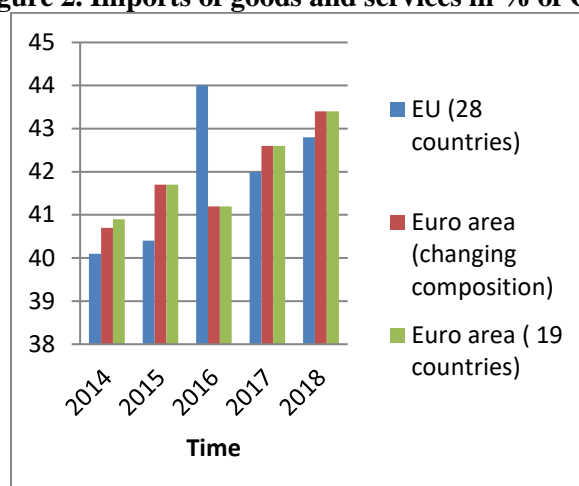
**Figure 1. Exports of goods and services in % of GDP**



Source: Eurostat

In our analysis of imports and exports at European Union level, we found the following issues: Between 2014 and 2018, exports increased year on year, while for the same period imports recorded the largest increases in 2016 for "Europe 28 countries", while "Euro area changing composition "and" Euro zone 19 countries "were kept on equal footing.

**Figure 2. Imports of goods and services in % of GDP**



Source: Eurostat

For exports, the best year was 2019, while the year 2016 recorded the best results for imports

### 2.3. Effects of economic globalization in the context of the European Union development

If about 60 years ago, the phenomenon of globalization was specifically aimed at foreign investments in stocks, in the international trade stimulated by the reduction of customs tariffs, it has now a completely different aspect and quite another meaning.

Originally America exported cars to Europe, importing clothing in exchange. Today the phenomenon of globalization is marked by an integration of different countries economies, where international trade refers to an enormous range of finished products of all categories, exchanges and financial transactions, raw materials of all kinds, exchange of services, investments in all spheres and so on.

On the one hand, it is conveyed the idea that globalization universalizes, and so there is the danger of homogenization, of creating a global culture, such as consumerism, which becomes the measure of all things. On the other hand, globalization customizes, favoring individualism and pluralism. Of course, not everything is part of the globalization process and not everything is overly determined by it.

If we refer to Europe, an important step on globalization was represented by the creation of the European Union, which in fact means a group of states that arose through the democratic will of the participating states, which decided to phase out their own independence in favor of a central authority - the abdication from independence is, of course, relative, given that the EU serves the interests of all Member States.

As an economic outcome, economic globalization is expected to lead to greater volume of goods and services, but with lower consumption of natural resources, thus ensuring the size of a rising GDP.

**Table 1. Positive and negative effects of the economy globalization**

Positive effects of the economy globalization	Negative effects of the economy globalization
The emergence or expansion of some markets independent of the existence of natural resources;	Relocation of some economic activities or with a polluting impact on the environment, in countries with cheap labor or available resources;
Reduction of production costs due to the economy of scale;	Low prices for raw materials charged by developed countries;
The access of the economically and industrially developed countries to the resources needed to develop their economy, resources that are found in other countries;	Bringing into the global economic space the criminal organizations that lead a parallel, unequal economy but with connections to the real, legal economy;
Increasing the speed of commercial, financial and technological operations.	The economic life destabilization, inclusive of some states.

Source: Author's assessment

### 3. Conclusions

Regardless of the position adopted, pro or against globalization, we are all involved in this process and feel its effects. In this way, globalization is perceived as an extension, deepening and acceleration of the worldwide interconnection in all aspects of contemporary life.

In my opinion, globalization of the world economy can be seen as the particularly dynamic process of increasing interdependencies between national states as a result of the expansion of transnational ties in ever-wider and varied spheres of economic, political, social and cultural life, as an implication that problems are becoming global rather than national, and in turn demanding a solution rather global than national.

Most fear that the new economic conditions induced by globalization will generate increased poverty, job losses, or fear of spreading epidemics or incurable diseases. There are also many people who fear that human activity will irreparably damage the environment on which our own existence depends so much.

From the data we have obtained to the present, we see that it is true that globalization has contributed to the deterioration of nature and the draining of non-govern-mentable resources, but has also had pluses and created the possibility of world campaigns, offering quasi-universally recognized concepts and methods (an example would be the sustainable development). If we focus and watch the dangers of the future, we see that they have one thing in common: they do not respect the national borders. This means that not even the most powerful states of the world will not be able to protect their citizens against these dangers.

One thing remains universally accepted in the current development phase of the European Union: it is inconceivable that certain states or parts of the world act without regard to the others. Economic globalization must be accepted as if it were a physical phenomenon that there is no point in circumventing, but we must necessarily understand it from the point of view of its causes and effects and use it constructively without letting it to destroy us. Economic globalization offers many opportunities for real global development but it is manifested by an uneven regional progress. Some countries are becoming more and more integrated into the world economy at a much higher speed than others. In another extreme, however, we find other countries, such as the poor ones, which are more unstable and more vulnerable to globalization.

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